



**UNITED STATES OF AMERICA  
DEPARTMENT OF TRANSPORTATION  
OFFICE OF THE SECRETARY  
WASHINGTON, D.C.**

Served: June 24, 1996

Issued by the Department of Transportation  
on the 18th day of June, 1996

Essential air service at

**FORT LEONARD WOOD,  
MISSOURI**

under 49 U.S.C. 41731 *et seq.*

**Dockets OST-96-1167  
45399**

**ORDER RESOLICITING PROPOSALS  
AND ESTABLISHING FINAL SUBSIDY RATE**

**Summary**

By this order we are resoliciting proposals from carriers interested in providing replacement service at Fort Leonard Wood, Missouri, for another two-year rate period (see Appendix A for a map). Additionally, since the most recent rate has expired, we are setting a final subsidy rate of \$196,606 for Trans States Airlines, Inc., d/b/a Trans World Express (Trans States), for its provision of subsidized essential air service from May 1, 1996, until further Department action. That is the same rate as set by Order 95-11-28, November 17, 1995, the omnibus subsidy reduction order.

**Background**

Trans States has provided subsidized essential air service at Fort Leonard Wood for a number of years. On February 5, 1996, the carrier filed a 90-day notice of its intent to terminate its subsidized air service there, effective May 5, 1996. By Order 96-4-8, April 4, 1996, the Department prohibited Trans States from suspending service and requested proposals, with or without subsidy, from carriers interested in providing essential air service at the community<sup>1</sup>. Because of Congressional reductions in funding for the essential air service program, Order 95-11-28, effective November 27, 1995, implemented program-wide reductions in the amount

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of service the Department could subsidize. In keeping with that order, we requested proposals that would provide Fort Leonard Wood with ten nonstop round trips each week between Fort Leonard Wood and St. Louis, or any other suitable hub. Proposals were due by April 30, 1996.

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<sup>1</sup> In accordance with 49 U.S.C. 41734(c), we will extend Trans States' service obligation for successive 30-day periods as necessary until replacement service actually begins.

In response to our request, we received one proposal from Exec Express II, Inc., d/b/a Lone Star Airlines (Lone Star), on April 30, 1996. Lone Star proposed to provide subsidized service between Fort Leonard Wood and St. Louis. Negotiations with Lone Star were in the final stages when, on June 3, 1996, more than a month past the deadline for filing proposals, Trans States informed the Department that it had changed its position and would withdraw its notice of suspension. Concurrently, Trans States filed a proposal to continue providing subsidized essential air service at Fort Leonard Wood.

Trans States was providing Fort Leonard Wood's service at the reduced ten round-trip-a-week service level at an annual subsidy rate of \$196,606. The rate expired on April 30, 1996. Trans States continues to provide service at the community but has not received subsidy for its service.

## **Request for Proposals**

We have decided to resolicit service proposals for Fort Leonard Wood. Although rate negotiations with Lone Star are ongoing, the carrier selection process has not been completed. While we could simply accept Trans States' proposal as late-filed, we do not believe that would be fair to Lone Star which, after all, filed its proposal on time. Since Trans States has had the benefit of reviewing Lone Star's Fort Leonard Wood proposal before it submitted its own proposal, a more equitable course would be to resolicit proposals. This will protect carriers' confidentiality in their submissions until all carrier proposals are filed and made public, and thus provide each carrier an equal opportunity in the selection process. We also believe this action would be in the community's best interest by allowing it a full opportunity to review and comment on all proposed service and subsidy options.

## **Carrier Replacement Procedures**

Therefore, we request carriers interested in providing replacement service at Fort Leonard Wood, with or without subsidy, to submit their proposals within 10 days of the issue date of this order. In order to expedite this case, we have shortened the normal deadline for proposals to be submitted from 20 to 10 days after the order issues. After the 10 days, applicant carriers

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will be asked to exchange proposals and serve them on the community. In order to receive full consideration, proposals must be filed in a timely manner. As a general matter, we request proposals that would provide ten nonstop round trips each week between Fort Leonard Wood and St. Louis, or ten nonstop or one-stop round trips each week to any other suitable hub with twin-engine aircraft operated by two pilots.

## **Service History**

During the year ended March 31, 1996, the most recent 12-month period for which data are available, Fort Leonard Wood generated 7,506 passengers, or an average of 12 enplanements per day.

## Procedures for Filing Replacement Proposals

For interested carriers unfamiliar with our procedures and recommended form for supplying the necessary information, we have prepared two explanatory documents that we will make available upon request. The first describes the process for handling carrier replacement cases under 49 U.S.C. 41734(f), and discusses in detail the process of requesting proposals, conducting reviews of applicants, and selecting a replacement carrier. The second is an evidence request containing an explanatory statement, a copy of Part 204 of our regulations (14 CFR 204), and schedules setting forth our recommended form for submitting data required for calculating compensation and determining the financial and operational ability of applicants to provide reliable essential air service. (Section 204.4 describes the fitness information required of all applicants for authority to provide essential air service.) Applicant carriers that have already submitted this information in another case need only resubmit it if a substantial change has occurred. However, if there are more recent data or if there have been any changes to the information on file, carriers should provide updates of those information elements. Interested carriers that need to obtain copies of these documents may contact the Office of Aviation Analysis at (202) 366-1053.

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<sup>2</sup> O&D Traffic by quarter	---	2nd Qtr. 1995	2,174
		3rd Qtr. 1995	2,488
		4th Qtr. 1995	1,754
		1st Qtr. 1996	<u>1,090</u>
		Total Year Ended	7,506

Enplanements represent one-half of total origin and destination traffic, and are based on 313 service days per year.

## **Other Carrier Requirements**

The Department is responsible for implementing various Federal statutes governing lobbying activities, drug-free workplaces, and nondiscrimination.<sup>3</sup> Consequently, all carriers receiving Federal subsidy to support essential air service must certify that they are in compliance with Department regulations regarding drug-free workplaces and nondiscrimination, and those carriers whose subsidies exceed \$100,000 over the life of the rate term must also certify that they are in compliance with the regulation governing lobbying activities. All carriers that plan to submit proposals involving subsidy should submit the required certifications along with their proposals. Interested carriers requiring more detailed information regarding these requirements as well as copies of the certifications should contact the Office of Aviation Analysis at (202) 366-1053. The Department is prohibited from paying subsidy to carriers that do not submit these documents.

## **Community and State Comments**

If we receive competing proposals, the community and state are welcome to submit comments on the proposals at any time. Early in the proceeding, comments on the proposals' strengths and weaknesses would be particularly helpful, and the civic parties may also express a preference for a particular carrier, if they choose. In any event, after conducting rate conferences with all applicants, we will provide a summary of the conference results to the civic parties and ask them to file their final comments expeditiously.<sup>4</sup>

## **Subsidy Rate Extension**

Finally, as we noted above, Trans States' subsidy rate for Fort Leonard Wood has expired. Trans States is continuing to operate Fort Leonard Wood service while the Department seeks long-term service and subsidy levels, and is eligible to be compensated for its service. Therefore, we will extend the existing annual rate of \$196,606, as established in Order 95-11-28, until further Department action.

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<sup>3</sup> The regulations applicable to each of these three areas are (1) 49 CFR Part 20, New Restrictions of Lobbying, implementing 31 U.S.C. 1352, entitled "Limitation of use of appropriated funds to influence certain Federal contracting and financial transactions"; (2) 49 CFR Part 29, Subpart F, Drug-Free Workplace Requirements (Grants), implementing the Drug-Free Workplace Act of 1988; and (3) 49 CFR Part 21, Nondiscrimination in Federally-Assisted Programs of the Department of Transportation -- Effectuation of Title VI of the Civil Rights Act of 1964; 49 CFR Part 27, Nondiscrimination on the Basis of Handicap in Programs and Activities Receiving or Benefiting from Federal Financial Assistance; and 14 CFR Part 382, Nondiscrimination on the Basis of Handicap in Air Travel.

<sup>4</sup> In cases where a carrier proposes to provide full essential air service without subsidy and we determine that service can be reliably provided without such compensation, we do not normally hold rate conferences. Instead, we rely on the carrier's subsidy-free service.

This order is issued under authority delegated in 49 CFR 1.56(i).

ACCORDINGLY,

1. The Department requests that carriers interested in providing essential air service at Fort Leonard Wood, Missouri, submit their proposals, with subsidy requests if necessary, within 10 days after the issue date of this order. Proposals should include all the data required by section 204.4 of the Department's Regulations (14 CFR 204.4). An original and five copies of the proposal should be sent to the EAS & Domestic Analysis Division, X-53, Office of Aviation Analysis, Room 6401, Department of Transportation, 400 7th Street, S.W., Washington, DC 20590, with the title, "Proposal to Provide Essential Air Service at Fort Leonard Wood, Missouri, Dockets OST-96-1167 and 45399;<sup>5</sup>
2. The Department sets the final rate of compensation for Trans States Airlines, Inc., d/b/a Trans World Express, for the provision of essential air service at Fort Leonard Wood, Missouri, as described in Appendix B, beginning May 1, 1996, until further Department action, payable as follows: for each calendar month during which essential air service is provided, the amount of compensation shall be subject to the weekly ceiling of \$3,963.80 and shall be determined by multiplying the subsidy-eligible departures from and arrivals at the hub completed during the month by \$198.19;<sup>6</sup>
3. We direct Trans States Airlines, Inc., d/b/a Trans World Express, to retain all books, records, and other source and summary documentation to support claims for payment, and to preserve and maintain such documentation in a manner that readily permits its audit and examination by representatives of the Department. Such documentation will be retained for seven years or until the Department indicates that the records may be destroyed. Copies of flight logs for aircraft sold or disposed of must be retained. The carrier may forfeit its compensation for any claim that is not supported under the terms of this order;
4. If the Government terminates all payments provided for under this order, as it may be amended from time to time, then, at the end of the period for which the Government does make payments, the carrier may cease to provide any of the service provided for under this order without regard to any requirement for notice of such cessation. Payment of a lesser amount of subsidy that is accompanied by a lower level of service shall not constitute termination of subsidy because carriers are paid proportionately with the amount of service they provide. No legal liability on the part of the Government may arise for the termination/reduction of payments under this order; and

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<sup>5</sup> After the proposals have been docketed, Department staff will contact each applicant and direct it to serve a copy of its proposal on the civic officials of the community, the state, and the other applicants. All applicants must then file a certificate of service with the Department's Documentary Services Division.

<sup>6</sup> See Appendix B for calculation.

5. We will serve a copy of this order on the Commanding Officer of the U.S. Army Engineer Center and Fort Leonard Wood, the Missouri Highway and Transportation Department, the Governor of Missouri, Lone Star Airlines, Trans States Airlines, and the air carriers listed in Appendix C.

By:

**CHARLES A. HUNNICUTT**  
Assistant Secretary for Aviation  
and International Affairs

(SEAL)

*An electronic version of this document is available on the World Wide Web at  
<http://www.dot.gov/dotinfo/general/orders/aviation.html>*

**TRANS STATES AIRLINES, INC., d/b/a TRANS WORLD EXPRESS**  
**ESSENTIAL AIR SERVICE AT FORT LEONARD WOOD, MISSOURI**

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Effective Period:	May 1, 1996, until further notice
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Service:	Ten nonstop round trips to St. Louis per week
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Aircraft Type:	Jetstream 32 (19 passenger seats)
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Minimum No of Seats To Be Available in Each Direction:	38 each day
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Timing of Flights	Flights must be well-timed and well-spaced to ensure full compensation.
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Annual Compensation:	\$196,606
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Subsidy Rate Per Arrival From St. Louis/Departure to St. Louis Per Day	\$198.19 <u>1</u> /
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Weekly Subsidy Ceiling:	\$3,963.80 <u>2</u> /
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1/ \$196,606 annual compensation divided by 992 annual arrivals from and departures to St. Louis, calculated as follows:

Four departures to hub or arrivals from hub five days per week;  $4 \times 261 \text{ days} \times 95\%$  completion.

2/ Ten departures to St. Louis and ten arrivals from St. Louis each week;  $20 \times 198.19$ .



**NOTE**

The carrier has been notified that it may forfeit its compensation for any flights that it does not operate in conformance with the terms and stipulations of this order, including the service plan outlined in this order and any other significant elements of the required service, without prior approval. The carrier understands that an aircraft take-off and landing at its scheduled destination constitutes a completed flight; absent an explanation supporting subsidy eligibility for a flight that has not been completed, such as certain weather cancellations, only completed flights are considered eligible for subsidy. In addition, if the carrier does not schedule or operate its flights in full conformance with this order for a significant period, it may jeopardize its entire subsidy claim for the period in question. If the carrier contemplates any such changes beyond the scope of this order during the applicable period of this rate, it must first notify the Office of Aviation Analysis in writing and receive written approval from the Department to be assured of full compensation. Should circumstances warrant, the Department may locate and select a replacement carrier to provide service on this route. The carrier must complete all flights that can be safely operated; flights that overfly points for lack of traffic will not be compensated. In determining whether subsidy payment for a deviating flight should be adjusted or disallowed, the Department will consider the extent to which the goals of the program are met and the extent of access to the national air transportation system provided to the community.